

Developing Your WorkSharing Plan: What You Need to Know

A Guide for Massachusetts Employers



A Smart Alternative to Layoffs

If your company needs to reduce payroll costs, because of a temporary decline in business, Massachusetts' WorkSharing Program is your alternative to layoffs. With WorkSharing you can reduce your payroll costs and maintain your valued workforce.

With WorkSharing, you avoid layoffs – avoid losing trained, skilled workers – by reducing the hours of work for employees in your entire company, or a small unit or department. Your workers receive unemployment insurance benefits to supplement their reduced wages.

A Program with Multiple Benefits

When you develop a WorkSharing Plan, you:

- Keep your skilled, trained employees
- Reduce future hiring and retraining costs
- Avoid disruption in your business operations
- Remain prepared for future business growth
- Maintain worker productivity

WorkSharing: Who's Eligible to Participate

All Massachusetts employers are eligible to participate in the WorkSharing Program. This includes both large corporations with hundreds of workers and businesses with only two employees, non-profit as well as for profit, and even governmental entities.

Any workers who would be eligible to receive regular unemployment insurance benefits are eligible to participate in the WorkSharing Program.

What You Need to Know to Develop a WorkSharing Plan

Here is a checklist to see if WorkSharing is right for your business or organization. You must be able to:

- Specify the unit or units that will participate in WorkSharing. These employees must work in a clearly defined group. The group can be your entire company, a facility, department, shift, job function or another definable unit with at least two employees.
- Certify that the reduction in work hours is in lieu of layoffs, and give the reason for the expected duration of the work reduction.
- Decide in advance the duration of your WorkSharing plan. It can range from one to 26 weeks. You must specify the beginning and end dates. Because unemployment insurance benefits are paid for weeks beginning on Sundays and ending on Saturdays, your plan must have a Sunday starting date and a Saturday end date.
- Identify the employees in the affected unit by name, social security number, the normal weekly hours of work, and the proposed reduction in working hours. All employees in the affected unit must be included in the WorkSharing Plan and all must have the same reduction in hours.
- Apply the plan to only full-time or permanent part-time employees. Seasonal employees may not participate in WorkSharing.
- Get agreement for the plan from the union, if the workers are covered by collective bargaining. It is best to consult with the union early in the process. When you do file a WorkSharing application, you will need to have the signatures of the appropriate union officials.
- Ensure that the reduction in the normal weekly hours is shared equally by all workers in the unit or units you have defined. The reduction in hours may range from 10 percent to 60 percent.
- Continue to provide the same health insurance benefits to the employees in the affected units. This means that their health insurance benefits cannot be changed because of their reduced hours of work.
- Continue to provide retirement benefits (under a benefit pension plan as defined in Section 3 (35) of the Employee Retirement Income Security Act of 1974) to any employees participating in WorkSharing. You are required to explain any reduction in retirement benefits.

wo

- Agree to furnish all reports and information necessary for the administration of your plan, and permit DUA access to all records that are necessary to verify and evaluate the plan.
- Be up-to-date with unemployment contributions, payments in lieu of contributions, interest or penalty charges due to the Division of Unemployment Assistance.

How WorkSharing Works for Your Employees

Your workers avoid layoff. While working reduced hours, they will be able to collect unemployment insurance benefits as well as their reduced wages. During their participation in WorkSharing, your workers:

- Receive a percentage of their regular wages. If they work 80 percent of their regular workweek, they receive 80 percent of their salary.
 - Receive unemployment benefits in addition to their reduced wages. Their unemployment benefits are a percentage of their benefit rate equal to the percentage of the reduction in their hours. For instance, if hours and wages are reduced 20 percent, workers are eligible for 20 percent of their unemployment insurance benefit rate. Each worker's benefit rate is calculated individually based on past earnings.
 - Receive a percentage of dependency allowance under certain conditions. An allowance of \$25 per dependent child is available for workers who are the whole or main support for any children who are:
 - Under the age of 18;
 - Under the age of 24 and a full-time student at an educational institution;
 - Over the age of 18 and incapacitated due to a mental or physical disability.
 - Under WorkSharing, an employee whose regular work hours are reduced 20 percent and who has dependent children, would receive 20 percent of the regular dependency allowance, along with the 20 percent of their unemployment insurance benefits.
 - Receive their regular health insurance benefits.
- For workers who are working a part-time second job,

there is also a generous disregard of part-time earnings before any deductions are made from the WorkSharing benefits.

The WorkSharing Application and Approval Process

- DUA requires at least one-week lead-time for the application process.
- The application for WorkSharing is simple. There is very little paperwork. Division of Unemployment Assistance (DUA) staff will assist you through each step of the application process.
- The WorkSharing Department will approve or deny your application within 15 business days following receipt of the plan.
- If your plan is approved, a DUA representative will contact you to discuss the implementation of the plan.
- If your plan is denied, the determination is final and cannot be appealed. However, you may submit another plan for approval at any time.

Changing or Discontinuing Your WorkSharing Plan

- You can terminate an approved plan at any time.
- DUA can revoke a plan with good cause. Examples of good cause are:
 - Failure to comply with the assurances given in the plan.
 - Unreasonable revision of the productivity standards for the affected unit.
 - Conduct or occurrences that are intended to defeat the purpose and effective operation of the plan.
 - Violation of the criteria on which the plan was approved.
- If you need to make changes to your plan, you must notify the WorkSharing Department within two days of the proposed change. You must also follow up with a modified WorkSharing Plan application.

How WorkSharing Affects Your Unemployment Insurance Contributions

- If your account reserve is positive, unemployment insurance benefits paid to your employees under an approved WorkSharing plan are charged the same way as regular unemployment benefits.
- If your account reserve is negative, you will be charged dollar-for-dollar for benefits paid to your employees. The charges will include any dependency allowance paid.
- If your organization reimburses DUA for unemployment insurance benefits paid – in lieu of contributions – you will be charged dollar-for-dollar for WorkSharing benefits paid to your employees.
- If any WorkSharing benefits are improperly paid as a result of misleading or misrepresented information submitted by your company, your business or organization is liable for the repayment of those benefits.

To Contact WorkSharing

Write: The WorkSharing Department
Charles F. Hurley Building
19 Staniford Street
Boston, Massachusetts 02114

Call: 617-626-5510

Fax: 617-727-8796

Web: www.detma.org/employers